

DATED 5 JUNE 2024

**CITY CREDIT CAPITAL (UK) LIMITED (IN ADMINISTRATION)
(THE “COMPANY”)**

SCHEME OF DISTRIBUTION EXPLANATORY STATEMENT

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

**EXPLANATION OF COURT-APPROVED
SCHEME OF DISTRIBUTION FOR THE RETURN
OF CERTAIN CLIENT MONIES BY THE COMPANY**



Pinsent Masons

IMPORTANT NOTICE

This Explanatory Statement summarises:

- the background to, and purpose of, the Scheme of Distribution;
- how client monies will be returned under the Scheme of Distribution; and
- the actions that clients of the Company will need to take to have their client monies returned.

This Explanatory Statement has been prepared by the Administrators and their legal advisers. Although it is designed to assist clients in understanding the background to, and purpose and effect of the Scheme of Distribution, please note that it is only the Scheme of Distribution itself that has been approved by the Court and which has legal effect.

Unless otherwise indicated, words beginning with capital letters are definitions used in the Scheme of Distribution.

In preparing this Explanatory Statement the Administrators have relied upon (i) their own investigations, (ii) information obtained from the Company's books and records, and (iii) information from previous officers and employees of the Company. Unless otherwise indicated, the statements, opinions and information contained in this document are made as at the date of this document and reflect the circumstances existing, and the information of which the Administrators were aware, at such time.

None of the Administrators or their firm, members, partners, directors, officers, employees, agents, advisors or representatives has authorised any person to make any representations concerning the Scheme of Distribution which are inconsistent with the statements contained in this Explanatory Statement and if any such representations are made, they should not be relied upon.

Nothing in this document is intended to constitute legal, tax, financial or other professional advice given to clients. Clients should take advice from their own professional advisers before taking any action in connection with the Scheme of Distribution.

In the event of any conflict between the terms of this Explanatory Statement and the Scheme of Distribution, the terms of the Scheme of Distribution shall prevail.

You are encouraged to read and consider the Scheme of Distribution, this Explanatory Statement and any other communications you have received from the Administrators and, if necessary, seek professional advice as to their terms and their legal, tax and financial implications for you.

If you require more information or have any queries, please either:

- 1 visit the administrator's Portal at <https://btguk.ips-docs.com> under case code CI121ADM
- 2 e-mail the Administrators at ccc@btguk.com.

The affairs, business and property of City Credit Capital (UK) Limited (in administration) are being managed by the Administrators acting as agents of City Credit Capital (UK) (in administration) without personal liability. Gary Shankland, Jamie Taylor and Christopher Andersen are all licenced insolvency practitioners.

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1. BACKGROUND

Introduction

- 1.1 The Company entered into administration on 30 June 2023 with Gary Shankland of Begbies Traynor (London) LLP, Jamie Taylor of Begbies Traynor (Central) LLP and Christopher Andersen of AABRS Limited appointed as joint administrators (the “**Administrators**”).
- 1.2 Since the Company’s entry into administration, the Administrators have worked to confirm the client monies held at the date of administration by the Company (“**Client Money Pool**”) and to make preparations to return the Client Money Pool to those clients of the Company beneficially entitled in accordance with the terms of the Scheme of Distribution. The Administrators prepared the Scheme of Distribution in consultation with the FCA, and the Court approved the Scheme of Distribution pursuant to the sealed Order of Insolvency and Companies Court Judge Mullen dated 5 June 2024 (“**Order**”).

Why is this Scheme of Distribution being promoted by the Administrators?

- 1.3 Under the Scheme of Distribution, the Client Money Pool can be returned in accordance with all information available to the Administrators, including any information submitted by clients of the Company.
- 1.4 The Administrators decided that this process should be followed due to the nature, volume and location of the clients of the Company and the value of the Client Money Pool, and the proposals for the return of the Client Money Pool in the Scheme of Distribution is considered to be the most cost-efficient and proportionate method, and allows clients to prove their entitlements thereby reflecting the best available information as to the entitlements to the Client Money Pool.
- 1.5 Having decided that it was appropriate to use the Scheme of Distribution procedure, the Administrators:
 - 1.5.1 have prepared the Scheme of Distribution, with regular updates and notifications to the FCA. The terms of the Scheme of Distribution were approved by the sealed Order on 5 June 2024.
 - 1.5.2 have sent notice to the clients of the Company (as set out in the Company’s books and records) (“**Known Clients**”) providing a copy of the Scheme of Distribution and this Explanatory Statement;
 - 1.5.3 have set a bar date of 7 December 2024 being 6 months following the date that the Order was received by the Administrators (“**Bar Date**”) by which the Known Client or any other person who claims to be entitled to a beneficial interest in the Client Money Pool (“**Additional Claimant**”) must send notice of their claim to the Administrators (“**Client Money Proof**”); and
 - 1.5.4 have advertised the Bar Date and sent details of how the Known Clients and Additional Claimants can submit any claims to the Client Monies.

Does the Scheme of Distribution apply to the return of client money?

- 1.6 The Scheme of Distribution only applies to the distribution of the Client Money Pool; being the client monies held by the Company at the time of its entry into administration.

What has happened prior to this stage and how has that affected the timing for implementing the Scheme of Distribution?

- 1.7 A significant amount of work has been undertaken by the Administrators since the administration of the Company to reach the stage where the Administrators can implement the Scheme of Distribution. This work has included, among other things:
- 1.7.1 analysing and seeking to confirm the client money balances of all clients in the records of the Company;
 - 1.7.2 reviewing any claims submitted by clients at this stage and updating the client money records by reference to those claims;
 - 1.7.3 seeking to establish means of contact with those clients listed in the Company's books and records on whose behalf it is understood the client monies are held;
 - 1.7.4 engaging with the depositories to gain control of the client money held for the Company's clients;
 - 1.7.5 developing a strategy for returning the Client Money Pool to clients; and
 - 1.7.6 drafting the Scheme of Distribution and associated documents in consultation with the FCA.

2. WHAT DOES THE SCHEME OF DISTRIBUTION DO AND WHEN CAN CLIENT MONIES BE RETURNED?

- 2.1 The Scheme of Distribution has been prepared by the Administrators to return the Client Monies held by the Company as soon as reasonably practicable. It sets out:
- 2.1.1 how the Client Money Pool is to be distributed by the Administrators;
 - 2.1.2 the priority of such distribution; and
 - 2.1.3 how the costs of distributing such Client Monies are to be met.
- 2.2 The Scheme of Distribution sets out a waterfall priority of how the Administrators are to distribute the Client Monies comprising the Client Money Pool.
- 2.3 As referenced above, the Administrators have set a Bar Date of 7 December 2024 for receipt of clients' Client Money Proofs setting out their claims to the Client Monies, which will remove the risk of competing claims to the Client Money Pool being made after they have been returned. Once all Client Money Proofs submitted by clients have been adjudicated by the Administrators and, if necessary, finally determined under the process outlined in paragraphs 7.2 to 7.9 ("**Distribution Date**"), the Administrators plan to begin returning the Client Money Pool as early as possible from the Distribution Date. See paragraph 4 for more details.
- 2.4 If there is a surplus following the distribution of the Client Money Pool after the Distribution Date, the Administrators will transfer this proportion of the Client Money Pool surplus to the Company's bank account to be distributed for the benefit of creditors of the Company in accordance with the terms of the Scheme of Distribution. As a result, the Administrators will be unable to return client monies to clients in respect of late claims made after the Bar Date has passed. These claims will instead be treated as unsecured claims in the administration of the Company, to the extent these claims are admitted by the Administrators.

3. WHAT ACTIONS DO YOU NEED TO TAKE IN RELATION TO THE SCHEME OF DISTRIBUTION?

IMPORTANT NOTE: If you are in any doubt as to the actions you should take, you should consult with the Administrators and/or your professional advisers without delay.

- 3.1 **Please review the items below and take any actions required by you as soon as practicable.** If you require more information or have any queries, please either:
- 3.1.1 visit the Portal at <https://btguk.ips-docs.com> under case code CI121ADM;
 - 3.1.2 e-mail the Administrators at ccc@btguk.com.
- 3.2 You are encouraged to read and consider the Scheme of Distribution as well as this Explanatory Statement and any other information from the Administrators (including through the Website) concerning the client monies of the Company.

Submitting Claims

- 3.3 If you believe you have an eligible claim to the Client Money Pool, you must complete and submit a Client Money Proof to the Administrators in respect of such client monies by the Bar Date. The form of the Client Money Proof has been enclosed with this Explanatory Statement and sent to you by email (where an email address is held) or by post or advertised via the methods below; and
- 3.4 where client monies are held and the Administrators are unable to identify the client from the Company's books and records or the Administrators hold incomplete contact information for such clients, the Administrators have published details of the Bar Date and the prescribed requirements for submitting a Client Money Proof by placing details:
- 3.4.1 on the Administrators' website (<https://btguk.ips-docs.com>) under the case code CI121ADM;
 - 3.4.2 on the Company's website (<https://www.ccccapital.co.uk>); and
 - 3.4.3 as a notice in The Gazette.

What will happen after you submit your Client Money Proof?

- 3.5 As soon as reasonably practicable after the Bar Date, the Administrators shall adjudicate upon the Client Money Proofs and shall notify any Known Client or Additional Claimant who has submitted a Client Money Proof by the Bar Date whether:
- (a) the Administrators admit the Client Money Proof in whole; or
 - (b) the Administrators admit the Client Money Proof in part and reject it in part, in which case the Administrators shall provide, as soon as reasonably practicable, a summary written statement of their reasons for doing so. You will be entitled to challenge this decision at your own cost using the process described in paragraphs 7.2 to 7.9; or
 - (c) the Administrators reject the Client Money Proof in whole, in which case the Administrators shall provide, as soon as reasonably practicable, a summary written statement of their reasons for doing so. You will be entitled to challenge this decision at your own cost using the process described in paragraphs 7.2 to 7.9.

4. WHAT IS THE PROCESS FOR AGREEING YOUR CLAIMS TO CLIENT MONIES AND RETURNING THEM?

- 4.1 The Administrators will have reviewed your Client Money Proof and will decide whether they can agree your claim, based on their review of the Company's books, systems and records, information provided to them by you and any other relevant information they have. In carrying out their assessment, the Administrators may contact you for further information if required.
- 4.2 With respect to the costs of distribution, these costs will be paid from any client monies which are unclaimed, disclaimed or unallocated first before being deducted from the admitted Client Money

Proofs prior to any distribution of the Client Money Pool in accordance with the Scheme of Distribution.

- 4.3 Where the Administrators are unable to agree your claim to the Client Monies, they will provide written reasons for their decision. You will be entitled to challenge this decision at your own cost (unless the Administrators agree or the Court orders otherwise) using the process described in paragraphs 7.2 to 7.9.

5. WHICH CLIENT MONIES WILL BE RETURNED BY A DISTRIBUTION AND HOW?

- 5.1 Your proportion of the Client Monies will be returned directly to you or any person you nominate in writing to receive them by way of a distribution.
- 5.2 You must have completed and submitted the bank account details to which you require payment of your proportion of the Client Monies (or the bank account details of any person you nominate in writing) to the Administrators by the Distribution Date.

6. HOW WILL THE COSTS OF RETURNING MONIES BE MET?

How are costs determined and shared and what am I paying for?

- 6.1 The following costs incurred in returning the Client Money Pool may be recovered out of the Client Money Pool:
- 6.1.1 expenses properly incurred by the Administrators in returning the Client Money Pool as soon as is practicable including reviewing and adjudicating on Client Money Proofs;
 - 6.1.2 necessary disbursements incurred by the Administrators specific to the objective of reconciling and returning the Client Money Pool as soon as is practicable; and
 - 6.1.3 the remuneration or emoluments of any person employed or engaged by the Administrators to perform services specific to the objective of reconciling and returning the Client Money Pool as soon as is practicable.
- 6.2 The Scheme of Distribution specifies that the costs of returning the Client Money Pool will be paid from the Client Monies in priority to the distribution of the Client Money Pool to clients. The costs of returning the Client Money Pool are to be deducted in a manner that results in the Administrators being reimbursed first from any surplus as a result of any unclaimed, disclaimed or unallocated element of the Client Money Pool and thereafter from the Client Money Pool whereby every client shall have its client money entitlement reduced on a pro rata basis. Each client's share of the Administrators' costs of returning client money reflects both actual costs and an estimate of future costs attributable to the return of client money by the Administrators.

7. WHAT MAY MAKE THE RETURN OF CLIENT MONIES DIFFICULT OR DELAYED?

There is a shortfall in client monies held by the Company

- 7.1 To the extent that the client monies comprising the Client Money Pool are insufficient to satisfy, in full, the claims submitted by clients as admitted by the Administrators (or determined in by the Dispute Account in accordance with Clauses 7.2 to 7.8), the client will have an unsecured claim against the administration estate of the Company for the shortfall. A proof of debt will automatically be deemed to have been submitted for such shortfall.

Disputed Client Money Proofs

- 7.2 If any Known Client or Additional Claimant is dissatisfied by the decision of the Administrators to reject their Client Money Proof in whole or in part as referenced at paragraph 3.5(b), then that Known Client or Additional Claimant may, within 21 days after the date of receipt of the Administrators' written statement, deliver a notice to the Administrators (the "**Disputed Client Money Proof Notice**").

- 7.3 Each Disputed Client Money Proof Notice shall:
- 7.3.1 give reasons why the Known Client or the Additional Claimant (as applicable) believes that the information used by the Administrators in considering the Client Money Proof is incorrect;
 - 7.3.2 include such information which the Known Client or the Additional Claimant (as applicable) considers to be correct in order to demonstrate its entitlement to a beneficial interest in the Client Money Pool, together with supporting evidence; and
 - 7.3.3 give details of the amount of the Client Money Pool to which the Known Client or the Additional Claimant (as applicable) considers it should be entitled (the “**Disputed Claim Amount**”).
- 7.4 The Administrators shall consider the reasons, information or particular circumstances and supporting evidence and/or any other relevant apparent evidence (as applicable) and may allow the Disputed Claim Amount at their discretion.
- 7.5 If the Administrators do not allow the Disputed Claim Amount, then the Administrators shall notify the relevant Known Client or Additional Claimant (as applicable) within fourteen (14) days of the receipt of the Disputed Client Money Proof that the matter shall be referred for determination and provide the details of the chartered accountant or King’s Counsel who it proposes to be the Dispute Accountant for these purposes (the “**Dispute Accountant**”). If the Administrators and the relevant Known Client or Additional Claimant (as applicable) do not agree on the identity of the proposed Dispute Accountant within five (5) Business Days of such notification, then the Administrators shall request that the President for the time being of the Institute of Chartered Accountants in England and Wales nominate a chartered accountant or the Chair of the Bar for the time being nominate a King’s Counsel, as appropriate, to be the Dispute Accountant in respect of the relevant Disputed Client Money Proof Notice.
- 7.6 The Dispute Accountant shall act as expert and not as arbitrator. The Dispute Accountant shall, in his or her sole discretion, consider such matters as he or she thinks fit (including the representations of the parties) in making his or her determination and, in particular, may rely on evidence supplied by one party in absence of evidence to the contrary from any other party.
- 7.7 The decision of the Dispute Accountant shall be given in writing to the Administrators and the relevant Known Client or Additional Claimant (as applicable) within 21 days of his or her appointment, or such other period as agreed between the Dispute Accountant and the Administrators, acting reasonably.
- 7.8 The decision of the Dispute Accountant shall be final and binding on the parties in so far as the law allows.
- 7.9 The Known Client or Additional Claimant shall be responsible for their own costs in relation to any Disputed Client Money Proof Notice.
8. **WHAT HAPPENS IF YOU SUBMIT YOUR CLAIM TO CLIENT MONEY POOL AFTER THE BAR DATE?**
- 8.1 If a Client Money Proof is received after the Bar Date, the client has lost its right to an entitlement to the Client Money Pool and the client will instead have a claim against the unsecured administration estate of the Company equal to the value of the proportion of the Client Money Pool owed to it by the Company, to the extent such proof is admitted by the Administrators, and a proof of debt will automatically be deemed to have been submitted.